

Severance Tax

Severance tax is levied upon the value of oil and gas severed or removed from the land. Oil and gas taken from stripper and nonstripper wells is subject to the tax. The tax is paid by every person severing oil or natural gas from land in Nebraska unless the severed oil or natural gas is sold in Nebraska. If the oil or gas is sold in Nebraska, then the first purchaser in Nebraska pays the tax.

The severance tax rate is three percent of the value of the nonstripper oil, three percent of the value of the natural gas, and two percent of the value of stripper oil.

Tax on oil or gas severed from public school lands is credited to the Permanent School Fund. For oil or gas severed from all other lands, one percent of the gross tax receipts is credited to the Severance Tax Administration Fund, up to \$300,000 may be appropriated by the legislature to the State Energy Office Cash Fund, up to \$30,000 may be appropriated to the Governor's Policy Research Office, and the remainder is credited to the Permanent School Fund.

Table 9

Severance Tax Receipts

Month	Calendar Year 1996	Calendar Year 1995
January	\$ 140,454	\$ 135,774
February	106,047	90,424
March	123,093	155,200
April	99,216	110,998
May	186,946	163,790
June	164,578	161,940
July	147,240	106,173
August	150,204	107,892
September	149,924	107,541
October	137,386	93,701
November	139,532	138,145
December	225,364	118,186
Total	\$1,769,984	\$1,489,764

Conservation Tax

In addition to the severance tax, the value of oil or gas is subject to the conservation tax. Conservation tax is levied and assessed in the same manner as the severance tax. The tax is imposed on the value at the well of all oil and gas produced, saved and sold or transported from the premises in Nebraska. The producer of the oil or gas pays the tax unless the oil or gas is sold within Nebraska. If the oil or gas is sold in Nebraska, then the first purchaser in Nebraska pays the tax.

The conservation tax rate is .35 percent. Revenue from the conservation tax is deposited in the Oil and Gas Conservation Fund.

Table 10

Conservation Tax Receipts

Month	Calendar Year 1996	Calendar Year 1995
January	\$ 28,916	\$ 19,564
February	20,914	12,479
March	25,155	23,499
April	20,121	16,665
May	38,303	17,490
June	34,462	27,332
July	30,030	17,106
August	25,174	17,160
September	37,301	17,488
October	29,839	15,305
November	29,413	22,775
December	\$43,256	\$22,976
Total	\$362,884	\$229,839